

March 11, 2021

The Honorable Fred Patton, Chairperson
House Committee on Judiciary
Statehouse, Room 519C-N
Topeka, Kansas 66612

Dear Representative Patton:

SUBJECT: Fiscal Note for HB 2322 by Representative Probst

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2322 is respectfully submitted to your committee.

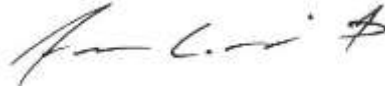
HB 2322 would enact the Kansas Contract of Deed Act. A seller would not be allowed to execute a contract for a deed if the seller does not hold the title to the property. The seller would be required to maintain the property free from mortgage, lien, or encumbrance for the duration of the contract for the deed, except for certain exceptions described in the bill. The bill would also specify when a buyer's right to a contract for deed could be forfeited. Violations of the bill would be considered deceptive acts or practices in violation of the Kansas Consumer Protection Act (KCPA) and would be subject to enforcement under the KCPA.

The Office of the Attorney General states that it investigates and litigates violations of KCPA. HB 2322 could require the Office to develop new complaint forms specific to violations of the Act. The agency cannot estimate how many complaints would be received and therefore it is unable to determine the resources that would be needed to intake, investigate, and potentially litigate violations. In addition, if cases are litigated, the KCPA allows for penalties of up to \$10,000 per violation that would be deposited into either the State General Fund or the general fund of the county in which the case was litigated. However, a fiscal effect cannot be estimated.

The Office of Judicial Administration indicates that the bill could have a negligible fiscal effect on its operations. However, a fiscal effect cannot be determined. The Real Estate Appraisal Board and the Real Estate Commission both state that the bill would not have a fiscal effect. Any fiscal effect associated with HB 2322 is not reflected in *The FY 2022 Governor's Budget Report*.

The Kansas Association of Counties indicates that the HB 2322 could have a fiscal effect because counties currently subsidize the office that processes deeds. The League of Kansas Municipalities states that the bill would not have a fiscal effect on cities.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Willie Prescott, Office of the Attorney General
Wendi Stark, League of Municipalities
Jay Hall, Association of Counties
Debbie Thomas, Judiciary
Erik Wisner, Real Estate Commission
Sally Pritchett, Real Estate Appraisal